



Report to the Auburn City Council

Action Item
Agenda Item No. 3

City Manager's Approval

To: Honorable Mayor and City Council Members
From: Andy Heath, Administrative Services Director
Date: May 9, 2011
Subject: Adoption of "Appropriations Limit" for Fiscal Year 2011-12

The Issue

Shall the City Council adopt an "Appropriations Limit" for the 2011-12 Fiscal Year?

Conclusions and Recommendations

By Resolution adopt the Fiscal Year 2011-12 "Appropriations Limit" for the City of Auburn in the amount of \$12,296,832.

Background

On November 9, 1979, California voters approved Proposition 4 (the "Gann Tax Spending" Initiative), placing Article XIII(B) into the California State Constitution. The purpose of this law is to place limits on the amount of tax proceeds that state and local agencies can appropriate each year. The City's limit is adjusted each year for inflation (annual growth factor) and population.

Analysis

Consistent with State of California Government Code Section No. 7909, and as a means to allow state and local agencies to compute the Appropriations Limit (the "limit"), the State Department of Finance annually notifies local agencies of the change in California per capita income and population relative to each agency for the prior calendar year. The State recently released this information, which identified the percentage change in per capita personal income for fiscal year 2011-12 to be 2.51%. This information also indicates an increase in both the City of Auburn and Placer County population bases of 0.83% and 1.52% (adjusted for estimated population bases used to compute the limit for the previous fiscal year), respectively.

To compute the limit, cities can choose to use the rate of change in population either within the City or County. Because the rate of change in population from January 1, 2010 to January 1, 2011 for Placer County is considerably higher than that for the City of

Analysis, cont.

Auburn, it is recommended that the County rate be used to compute the limit for fiscal year 2011-12.

Using the Fiscal Year 2011-12 Per Capita Personal Income growth factor of 2.51% and the Placer County population growth factor of 1.52%, results in an overall increase in the limit to \$12,296,832.

Alternatives Available to Council; Implications of Alternatives

1. Adopt the "Appropriations Limit" for Fiscal Year 2011-12 as recommended by the Administrative Services Director.
2. Do not adopt an "Appropriations Limit" for Fiscal Year 2011-12 at this time (Note: the City Council has a statutory obligation to complete this task annually).

Fiscal Impact

A comparison of proceeds of taxes forecasted for Fiscal Year 2011-12 to the recommended Appropriations Limit computed herein indicates that the City of Auburn will use approximately 51.1% of its tax spending authority.

Attachment A – Appropriations Limit Analysis

**City of Auburn
Appropriations Limit Analysis
Base Year & Growth Computations**

Fiscal Year	Certification Date	Population Counts		Prior Year	Population Percentage Change	Per Capita Income Factor	Annual Growth Factor	Cumulative Growth Factor	Computed "Gann" Limit
2011-12	1/1/2011	352,380	(I)	347,102	1.0152	1.0251	1.0407	9.3946	12,296,832
2010-11	1/1/2010	347,102	(I)	339,577	1.0222	0.9746	0.9962	9.0273	11,816,065
2009-10	1/1/2009	339,577	(I)	333,401	1.0185	1.0062	1.0248	9.0617	11,861,172
2008-09	1/1/2008	333,401	(I)	324,495	1.0274	1.0429	1.0715	8.8421	11,573,692
2007-08	1/1/2007	324,495	(I)	316,508	1.0252	1.0442	1.0706	8.2519	10,801,159
2006-07	1/1/2006	316,508	(I)	305,675	1.0354	1.0396	1.0764	7.7081	10,089,354
2005-06	1/1/2005	305,675	(I)	292,095	1.0465	1.0526	1.1015	7.1607	9,372,864
2004-05	1/1/2004	292,095	(I)	275,612	1.0598	1.0328	1.0946	6.5006	8,508,895
2003-04	1/1/2003	275,612	(I)	264,940	1.0403	1.0231	1.0643	5.9390	7,773,756
2002-03	1/1/2002	264,940	(I)	257,512	1.0288	0.9873	1.0158	5.5801	6,647,248
2001-02	1/1/2001	257,512	(I)	234,371	1.0987	1.0782	1.1847	5.4935	7,190,566
2000-01	1/1/2000	234,371	(I)	227,537	1.0300	1.0491	1.0806	4.6372	6,069,740
1999-00	1/1/1999	11,595		11,598	0.9997	1.0453	1.0450	4.2913	5,616,961
1998-99	1/1/1998	11,598		11,422	1.0154	1.0415	1.0575	4.1064	5,374,930
1997-98	1/1/1997	11,422		11,431	0.9992	1.0467	1.0459	3.8829	5,082,444
1996-97	1/1/1996	11,431		11,755	0.9724	1.0467	1.0179	3.7126	4,859,509
1995-96	1/1/1995	11,755		11,593	1.0140	1.0472	1.0618	3.6475	4,774,288
1994-95	1/1/1994	11,593		11,291	1.0267	1.0071	1.0340	3.4351	4,496,268
1993-94	1/1/1993	11,291		11,156	1.0121	1.0272	1.0396	3.3220	4,348,267
1992-93	1/1/1992	11,156		10,865	1.0268	0.9936	1.0202	3.1954	4,182,513
1991-92	1/1/1991	10,865		9,812	1.1073	1.0414	1.1532	3.1321	4,099,651
1990-91	1/1/1990	9,812		9,411	1.0426	1.0421	1.0865	2.7161	3,555,143
1989-90	1/1/1989	9,411		8,775	1.0725	1.0519	1.1281	2.4998	3,272,095
1988-89	1/1/1988	8,775		8,519	1.0301	1.0466	1.0781	2.2159	2,900,433
1987-88	1/1/1987	8,519		8,157	1.0444	1.0347	1.0806	2.0555	2,690,442
1986-87	1/1/1986	8,157		8,125	1.0039	1.023	1.0270	1.9021	2,489,723
1985-86	1/1/1985	8,125		8,092	1.0041	1.0374	1.0416	1.8520	2,424,199
1984-85	1/1/1984	8,092		7,958	1.0168	1.0474	1.0650	1.7780	2,327,312
1983-84	1/1/1983	7,958		7,803	1.0199	1.0235	1.0438	1.6695	2,185,194
1982-83	1/1/1982	7,803		7,648	1.0203	1.0679	1.0895	1.5993	2,093,437
1981-82	1/1/1981	7,648		7,441	1.0278	1.0912	1.1216	1.4679	1,921,390
1980-81	1/1/1980	7,441		7,061	1.0538	1.1211	1.1814	1.3088	1,713,147
1979-80	1/1/1979	7,061		7,022	1.0056	1.1017	1.1078	1.1078	1,450,057
1978-79	1/1/1978	7,022		-	-	-	-	-	-

(I) Elected to use population in Placer County to compute change in population as it relates to the calculation of the Gann "Appropriations Limit".

City of Auburn
Appropriations Limit Analysis
Base Year & Growth Computations

Proceeds of Taxes:	Base Year (1978-79)	2010-11 Estimated	2011-12 Forecast
Secured Property Taxes	\$ 231,991	\$ 2,197,000	\$ 2,087,000
Unsecured Property Taxes	13,732	-	-
Prior Year Property Taxes	13,543	-	-
Interest & Penalties on Property Taxes	3,888	-	-
Property Taxes in Lieu of Motor Vehicle Taxes	-	845,456	804,000
Sales & Use Taxes	756,971	2,110,000	2,250,000
ERAF in Lieu of Sales & Use Taxes	-	832,427	850,000
Transportation Taxes (Gas Tax) (2)	70,430	-	-
Transient Lodging Taxes	4,037	190,000	190,000
Real Property Transfer Taxes	13,459	37,000	37,000
Motor Vehicle In-Lieu Taxes	103,301	52,000	35,000
Homeowners' Property Tax Relief	28,315	-	-
Business Inventory Relief Taxes	5,437	-	-
Trailer In-Lieu Taxes	2,522	-	-
Cigarette Taxes	37,509	-	-
Interest (Allocated Share)	23,795	30,000	30,000
Total Proceeds of Taxes	\$ 1,308,930	\$ 6,293,883	\$ 6,283,000
Computed "Appropriations Limit"		\$ 11,816,065	\$ 12,296,832
Amounts (under) "Appropriations Limits"		\$ (5,522,182)	\$ (6,013,832)
Percent of "Appropriations Limit" Realized		53.3%	51.1%

(2) Transportation Taxes (Gasoline Taxes) are restricted to transportation-related expenditures only (State of California restriction) and are therefore not included as a component of the City's "Appropriations Limit".

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

RESOLUTION NO. 11-
RESOLUTION ADOPTING THE FISCAL YEAR 2011-12 "APPROPRIATIONS
LIMIT" FOR THE CITY OF AUBURN

THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

That the City Council of the City of Auburn does hereby adopt the Fiscal
Year 2011-12 "Appropriations Limit" for the City of Auburn in the amount of
\$12,296,832.

DATED: May 9, 2011

William W. Kirby, MD, Mayor

ATTEST:

Joseph G. R. Labrie, City Clerk

I, Joseph G. R. Labrie, City Clerk of the City of Auburn, hereby certify
that the foregoing resolution was duly passed at a regular meeting of the City
Council of the City of Auburn held on the 9th day of May 2011 by the following
vote on roll call:

Ayes:
Noes:
Absent:

Joseph G. R. Labrie, City Clerk

(This page intentionally left blank)